

ASSEMBLY BILL

No. 2096

Introduced by Assembly Member V. Manuel Pérez

February 23, 2012

An act to amend Section 14182.3 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 2096, as introduced, V. Manuel Pérez. Public health care: Medi-Cal: demonstration projects.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law establishes the Medi-Cal Hospital/Uninsured Care Demonstration Project Act, which revises hospital supplemental payment methodologies under the Medi-Cal program in order to maximize the use of federal funds consistent with federal Medicaid law and to stabilize the distribution of funding for hospitals that provide care to Medi-Cal beneficiaries and uninsured patients. Existing law requires the department to seek another demonstration project or federal waiver of Medicaid law to implement specified objectives, which may include better care coordination for seniors, persons with disabilities, and children with special health care needs. Existing law provides that to the extent the provisions under the Medi-Cal Hospital/Uninsured Care Demonstration Project Act do not conflict with the provisions of, or the Special Terms and Conditions of, this demonstration project, the provisions of the Medi-Cal Hospital/Uninsured Care Demonstration Project Act shall apply. Under

existing law, if the Director of Health Care Services determines that the amount of base funding available under the new demonstration project is less than a specified amount available to public hospitals under the original demonstration project, the state is authorized to reallocate funding to increase the amount of base funding for the new demonstration project.

This bill would refer to designated and nondesignated public hospitals, in the latter provision described above..

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14182.3 of the Welfare and Institutions
2 Code is amended to read:
3 14182.3. (a) To the extent the provisions of Article 5.2
4 (commencing with Section 14166) do not conflict with the
5 provisions of this article or the Special Terms and Conditions of
6 the new demonstration project created under this article, the
7 provisions of Article 5.2 (commencing with Section 14166) shall
8 continue to apply to the new demonstration project.
9 (b) In the event of a conflict between any provision of this article
10 and the Special Terms and Conditions required by the federal
11 Centers for Medicare and Medicaid Services for the approval of
12 the demonstration project described in Section 14180, the Special
13 Terms and Conditions shall control.
14 (c) (1) Under the demonstration project described in Section
15 14180, the state shall have priority to claim against and retain the
16 first five hundred million dollars (\$500,000,000) in federal funds
17 using expenditures incurred under state-only programs or other
18 programs for which the state is authorized to claim under the
19 Special Terms and Conditions of the demonstration project or
20 federal Medicaid law, including state-only programs that serve
21 special populations, such as those for which state savings were
22 recognized in the Budget Act for the 2010–11 fiscal year.
23 (2) Notwithstanding paragraph (1), if the director determines
24 that the amount of base funding available under the demonstration
25 project described in Section 14180 is less than the six hundred
26 eighty-one million six hundred forty thousand dollars
27 (\$681,640,000) available to *designated and nondesignated* public

1 hospitals under the original demonstration project, the state may
2 reallocate an amount from the five hundred million dollars
3 (\$500,000,000) described in paragraph (1) to increase the amount
4 of base funding under the new demonstration project to six hundred
5 eighty one million six hundred forty thousand dollars
6 (\$681,640,000).

7 (3) For purposes of this section, the term “base funding” includes
8 funding for the safety net care pool or a similar pool or fund for
9 health coverage expansion, and for an investment, incentive, or
10 similar pool, but shall not include funds made available to hospitals
11 or counties for inpatient or outpatient Medi-Cal reimbursements,
12 expansion of managed care for seniors and persons with disabilities,
13 or other expansions of systems of care for individuals who are
14 eligible under the Medi-Cal state plan.

15 (4) If the state is unable to claim the full amount of the five
16 hundred million dollars (\$500,000,000) described in paragraph
17 (1), any portion of the amount that remains unclaimed may be
18 reallocated to be claimed based on the certified public expenditures
19 of the designated public hospitals.

20 (d) The director shall have authority to maximize available
21 federal financial participation under the demonstration project
22 described in Section 14180, including, but not limited to,
23 authorizing the use of intergovernmental transfers by district
24 hospitals that are not reimbursed under a contract negotiated
25 pursuant to the Selective Provider Contracting Program, to fund
26 the nonfederal share of expenditures to the extent permitted by the
27 Special Terms and Conditions of the demonstration project.

28 (e) Participation in intergovernmental transfers under this section
29 is voluntary on the part of the transferring entity for purposes of
30 all applicable federal laws. As part of its voluntary participation
31 in the nonfederal share of payments under this subdivision by
32 means of intergovernmental transfers, the transferring entity agrees
33 to reimburse the state for the nonfederal share of state staffing or
34 administrative costs directly attributable to the state’s
35 implementation of these voluntary intergovernmental transfers.
36 This subdivision shall be implemented only to the extent federal
37 financial participation is not jeopardized.

38 (f) Notwithstanding the rulemaking provisions of Chapter 3.5
39 (commencing with Section 11340) of Part 1 of Division 3 of Title
40 2 of the Government Code, the department may clarify, interpret,

1 or implement the provisions of this section by means of provider
2 bulletins or similar instructions. The department shall notify the
3 fiscal and appropriate policy committees of the Legislature of its
4 intent to issue instructions under this section at least five days in
5 advance of the issuance.

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